San Miguel Community Plan – Economic Strategy

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October 12, 2012



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THE NATELSON DALE GROUP, INC.

San Miguel Community Plan – Economic Strategy

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CONTENTS

EXECUTIVE SUMMARY – STRATEGIC OVERVIEW	1
A. INTRODUCTION	4
B. PRESENT ECONOMIC CONDITIONS, STRENGTHS, WEAKNE	SSES.
OPPORTUNITIES, AND CONSTRAINTS	
B.1. HISTORIC SETTING FOR PRESENT ECONOMIC CONDITIONS	
C. CASE STUDY COMMUNITY SELECTION	
C.1. Case Study Communities Starting List	13
C.2. CASE STUDY COMMUNITIES SCREENING	
D. CASE STUDY COMMUNITY FINDINGS	21
E. MARKET ANALYSIS	29
E.1. LOCAL RETAIL DEMAND	29
E.1.1. THE STUDY AREA	29
E.2. SUPPORTABLE SQUARE FEET OF RETAIL DEVELOPMENT	
E.2.1. SALES PER SQUARE FOOT STANDARDS	36
E.2.2. Supportable Retail Space	
E.2.3. EXISTING RETAIL SQUARE FOOTAGE BY TYPE	
E.2.4. TOTAL SUPPORTABLE SQUARE FEET OF NEW RETAIL SPACE (FROM 2012 BASE)	38
E.2.5. POTENTIAL DEVELOPMENT OPPORTUNITIES BASED ON DEMAND	38
E.3. LOCAL OFFICE AND INDUSTRIAL DEMAND	
E.4. EMPLOYMENT FORECASTS BY INDUSTRY	41
E.5. OFFICE AND INDUSTRIAL EMPLOYMENT BY INDUSTRY	43
E.5.1. DISTRIBUTION OF OFFICE AND INDUSTRIAL EMPLOYMENT BY INDUSTRY	43
E.5.2. PROJECTED EMPLOYMENT BY LAND USE CATEGORY	
E.5.3. PROJECTED DEMAND FOR NEW OFFICE/INDUSTRIAL SPACE	
F. WINE INDUSTRY OVERVIEW/FEASIBILITY	47
F.1. OVERVIEW OF WINE INDUSTRY TRENDS	47
F.2. THE ROLE OF THE WINE INDUSTRY WITHIN THE REGION	48
F.3. THE ROLE OF SAN MIGUEL	_
F.4. SAN MIGUEL'S POSSIBLE FUTURE	49
F.5. COTTONWOOD, ARIZONA – A CASE STUDY	51

<u>G.</u>	CO	MPREHENSIVE STRATEGIC FRAMEWORK	52
	G.1.	RELATIONSHIP TO EXISTING ECONOMIC DEVELOPMENT EFFORTS	52
	G.2.	LAND SUPPLY AND DEMAND	56
	G.3.	SUMMARY OF TOPICS FROM THE SWOC ANALYSIS NOT SPECIFICALLY ADDRESSED IN THE STRATEGY	
	FRAM	EWORK	58
	G.3	1. FIBER OPTICS	58
		2. VITICULTURE	
		.3. GENERAL TOURISM SUPPORT	59

LIST OF TABLES & FIGURES

FIGURES

Figure 1. Graphic Overview of Strategy Framework	3
Figure 2. Preliminary Set of Case Study Communities: Median household income	15
Figure 3. Preliminary Set of Case Study Communities: Nearest larger city	16
TABLES	
Table B-1. Selected Economic/Demographic Data	5
Table B-2. Summary of Strengths, Weaknesses, Opportunities, and Constraints in San Miguel	8
Table D-1. Success Factors and Barriers to Success for Select Case Study Cities	22
Table D-2. Source Material, and Geographic Reach, for the Summary of Issues and Strategic Approach	hes
	24
Table D-3. Summary of Key Issues, Strategic Approaches (from ED reports), for Case Study Communit	ies,
Major similarities and differences compared to San Miguel	24
Table E-1. Population, Income and Retail Sales Projections (2012-2035)	30
Table E-2. Distribution of Sales by Retail Category	31
Table E-3. Capture Rates by Retail Category	32
Table E-4. Total Potential Capture of Retail Sales for Study Area in Thousands of 2011 Dollars	33
Table E-5. Retail Sales Adjustment Factors for Visitor, Business and Institutional Spending by Retail	
Category	34
Table E-6. Total Potential Retail Sales (Residential + Visitor/Business/Institutional)	35
Table E-7. Sales per Square Foot Standards	36
Table E-8. Potential Supportable Square Feet of Retail Development	
Table E-9. Existing Square Feet of Retail Development	38
Table E-10. New Supportable Retail Space by Type (from 2012 Base)	40
Table E-11. Employment Forecasts by Industry Group, San Luis Obispo County	42
Table E-12. Employment Forecasts by Industry Group, San Miguel Trade Area	42
Table E-13. Allocation of Office and Industrial Employment by Industry	43
Table E-14. Projected Employment by Land Use Category, San Miguel Trade Area	44
Table E-15. Projected Change in Office and Industrial Employment by Time Period, San Miguel Trade	
Area	44
Table E-16. Square Footage per Employee by Land Use Type	44

Table E-17. Projected Demand for New Office and Industrial Space4	6
Table G-1. SLO County Clusters of Opportunity, and Suitability for San Miguel5	5

San Miguel Community Plan – Economic Strategy

Executive Summary – Strategic Overview

The chart below summarizes the strategic overview of a framework by which tourism and other aspects of the job base can expand in San Miguel. The chart encapsulates the following concepts and primary elements of the strategic framework.

- A comprehensive range of actions, encompassing at a minimum infrastructure development, property (land and building) improvement programs, community promotion, and development coordination based on economic development principles will most likely be required for San Miguel to achieve economic development success.
- Positive development influences will come from a number of influences.
- The need for a comprehensive approach must be balanced by the risk of the overall effort becoming unduly diluted through a lack of focus. In executing the strategic plan, rather than attempting to do everything at once, it might be preferable to leverage one or a limited number of the strongest assets to generate momentum for growth, and have carefully prioritized "thresholds" at which other strategic actions from the plan would begin implementation.

The following general strategic concepts also supplement the diagram on Figure 1.

- Agricultural supportive uses: implement the concept identified in a previous study of
 "supporting the viability of agriculture by allowing nonagricultural activities and uses in rural
 areas where supportive of agricultural uses and otherwise appropriate." This can help free
 up land in the immediate vicinity of the community.
- Capacity for commercial/industrial development: Implement re-zonings to expand sites for local and regional commercial use, including existing vacant and, selectively, existing developed areas that a) are in need of revitalization, b) could serve as commercial development locations and c) are suitable for potential use change. Projected demand for Office and Industrial space over the projection period (to 2035) is modest, approximately 7,000 and 29,000 square feet, respectively, which could be accommodated in less than 4 acres. These estimates should be considered a conservative minimum (see discussion in Section G.2).
- Fiber optics: Consider alternative public-private partnership arrangements to expedite the spread and upgrade of broadband. Some of these efforts can be as simple as notifying broadband suppliers of plans to dig a trench for some other utility, at which point they could opt to participate in the trench, at a lower cost than a dedicated trench for their line. There are also models elsewhere in the country where the public role has been more proactive.



Executive Summary – Strategic Overview

- General tourism support: Investigate the potential by which tourism marketing, currently
 handled within the County by the San Luis Obispo Chamber of Commerce, can be structured
 to properly position San Miguel within the larger region, including the notion that the
 community is a "gateway" from the north, shares many assets with the County generally,
 and is an emerging wine region.
- General marketing: Integrate economic development marketing and tourism marketing,
 positioning the enhanced community (by virtue of other strategies) as a unique business
 environment, to specific targeted industries as discussed elsewhere in this document
 (Chapter G), namely the targets of "uniquely SLO County," building design and construction,
 specialized manufacturing, and knowledge and innovation services.
- Expand population: encourage the development of additional housing in San Miguel, so that
 the community can benefit from a more diverse population while increasing its threshold for
 additional goods and services.
- Infrastructure: Implement existing infrastructure plans that support development of the community. Note: In order to effectively promote the emerging wine industry and the revitalization of the Mission Street corridor, investments are required in the community's water and sewer infrastructure. Following discussions with local officials, these upgrades can be implemented in a cost-effective incremental manner.
- Community design and enhancement: Establish and administer programs for facility improvements through some form of public support. Consider tying such programs to publicly supported streetscape improvements that can enhance the pedestrian experience in the community.
- Leverage the wine industry momentum, e.g. winery and land acquisitions by Gallo, overall
 increase in vineyard development, by encouraging vintners to create (initially) a small
 number of wine tasting rooms in San Miguel, creating a cluster of activity in San Miguel to
 attract new complementary development to the area.
- Lessons from case study communities: 1) Investigate the potential for and desirability of
 promoting San Miguel as a residential choice for seniors; 2) investigate the practicality of
 giving special consideration to San Miguel as a focus for entrepreneurial training and small
 business development.



Figure 1. Graphic Overview of Strategy Framework New & existing residents, Camp Roberts staff, Tourists, with wineries added motivation to shop, trainees, recreaproviding additional eat, etc. locally tional visitors reason to visit Tourism businesses: Wine Hotel/restaurant Retail **PROGRAMS** COMPREHENSIVE COMMUNITY IMPROVEMENTS **MARKETING** • Infrastructure to support development Adaptation & application Materials and administration, • Housing and commercial building rehabilitation of programs from integrating tourism-oriented • Neighborhood revitalization; selected re-zoning County & elsewhere. and industry targeting. Sell and new development Program administration community with attractions • Pedestrian-friendly streetscaping Industry targeting and marketing Programmatic management: leverage one or a limited number of the strongest assets to generate momentum for growth, use prioritized "thresholds" to trigger Employers (other than tourism): subsequent actions footloose, attracted to unique setting Incentives targeting development & redevelopment San Miguel Community Plan – Economic Strategy | The Natelson Dale Group, Inc.

San Miguel Community Plan – Economic Strategy

A. Introduction

This study supplements a wide range of planning exercises within San Luis Obispo County that relate, either directly or indirectly, to San Miguel. The community encompasses a number of challenges and opportunities that also relate back to San Luis Obispo County as a whole. That is, the opportunities in the community are similar to those of the County as a whole, and some of the challenges it faces are a direct result of its geographic location. Challenges and opportunities can be intertwined. For example, the community's historic base creates an interesting experience but also imposes the necessity for diligent maintenance as well as preservation. From its location at the fringe of the county and Paso Robles urbanization, San Miguel is subject to being relegated to a bedroom community, and a low-cost one at that given its supply of older homes. For these and other reasons, this study takes a comprehensive view of San Miguel and its surrounding area, and includes both an assessment of conditions in and around the community and a review of case study communities with both similarities and differences that apply to San Miguel, for comparison purposes.

In this report, the Executive Summary of strategic recommendations appears at the front of the document, followed by this introduction, a discussion of present economic conditions and strengths, weaknesses, opportunities and constraints that apply to the community, a discussion of case study communities, a market analysis for retail and office and industrial uses, an analysis of the wine industry as it applies to San Miguel, and finally an overview of topics relating to the strategic direction from which the Executive Summary was derived.



San Miguel Community Plan – Economic Strategy

B. Present Economic Conditions, Strengths, Weaknesses, Opportunities, and Constraints

B.1. Historic setting for present economic conditions

Although San Miguel can trace its origins back to the founding of the Mission, commercial development in the community was later heavily influenced by the demand generated by large (as large as 45,000) troop contingents at Camp Roberts. The Camp's mission was greatly curtailed in the 1950s, businesses closed or coped with reduced patronage, and no meaningful re-development of the commercial activity has ensued in the intervening years. The modest size of the remaining population from that period of downsizing, the minimal population growth that has occurred, and the fact that residents can readily meet their everyday shopping needs in nearby Paso Robles, have all contributed to an essentially stagnated commercial environment for the community, including substantial retail leakage.

Quantitative indicators of economic conditions are shown on Table B-1. The table shows that San Miguel's unemployment rate is much higher than the state's (based on this particular source). San Miguel differs from the state as a whole in having a greater proportion of the population engaged in agriculture, construction, and "other services," and a lower proportion in finance, information, and wholesale trade. San Miguel residents have a lower median household income, fewer retirement-age people, and a much higher percentage of the population in poverty, compared to the state.

Table B-1. Selected Economic/Demographic Data

Economic Variable	California	San Miguel CDP
Employment Status		
% in labor force	64.7%	72.3%
% Unemployed	5.8%	10.0%
Class of Worker		
Civilian employed population 16 years +	16,632,466	1,116
Private wage and salary workers	12,729,790	910
Government workers	2,425,341	120
% government workers	14.6%	10.8%
Self-employed in own not incorporated business workers	1,444,135	86
% self-employed	8.7%	7.7%
Commuting (1)		



Economic Variable	California	San Miguel CDP		
Mean travel time to work (minutes)	26.9	17.5		
Employment by Industry (residents)				
Civilian employed population 16 years +	16,632,466	1,116		
Agriculture, forestry, mining, etc.	2.1%	6.27%		
Construction	7.0%	18.10%		
Manufacturing	10.3%	12.81%		
Wholesale trade	3.4%	0.00%		
Retail trade	11.0%	13.71%		
Transportation and warehousing, and utilities	4.7%	4.75%		
Information	3.0%	0.45%		
Finance and insurance, and real estate and rental and leasing	7.0%	0.99%		
Professional, scientific, and management, and administrative etc.	12.2%	10.57%		
Educational services, and health care and social assistance	20.1%	6.27%		
Arts, entertainment, and recreation, and accommodation and food svcs.	9.2%	10.48%		
Other services, except public admin.	5.2%	14.16%		
Public administration	4.6%	1.43%		
Income and Benefits (in 2010 inflation-adjusted dollars)				
Median Household Income	\$60,883	\$42,176		
With Social Security (households)	2,976,629	69		
% with Social Security	24.0%	9.0%		
Percentage of Families and People Whose Income in the Past 12 Months is Below the Poverty Level				
% of all families	10.2%	25.0%		

Source: U.S. Census Bureau, 2006-2010 American Community Survey.

Table B-2, below, summarizes Strengths, Weaknesses, Opportunities, and Constraints in San Miguel, and identifies some of the key strategic implications of those conditions. Much of the material in the table comes from the sources listed below the table. Bracketed abbreviated identifiers in the table refer back to these sources. Unless so noted, comments in the table are from TNDG, with the contributions of Tom Pitts, Wine Industry Consultant, noted specifically.

Source Material for Table B-2:

Economic Element, San Luis Obispo County General Plan. Prepared by the Economic Advisory Committee and the Department of Planning and Building with assistance from Mundie & Associates. Adopted October 19, 1999; Amended by Approval of Dalidio Ranch Initiative Measure, November 2006.

The Land Use And Circulation Elements Of The San Luis Obispo County General Plan Salinas River Area Plan. Adopted by the San Luis Obispo County Board Of Supervisors, September 22, 1980 - Resolution 80-350; Updated January 2, 1996 – Resolution 96-24; Amended By Approval Of

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Dalidio Ranch Initiative Measure November 2006.

San Miguel Community Design Plan. Adopted by the San Luis Obispo County Board Of Supervisors. April 8, 2003. Department of Planning and Building, County Of San Luis Obispo, San Luis Obispo, CA 93408

San Miguel Existing Conditions and Future Prospects, A Community Study. December 2003 Prepared by the Community Planning Laboratory of the City and Regional Planning Department California Polytechnic State University, San Luis Obispo.

Economic Impact of Wine and Grapes in The Paso Robles AVA and Greater San Luis Obispo County, 2007. MKF Research LLC, for the Paso Robles Wine Country Alliance

California National Guard, Year in Review, 2011. Published by the California Military Department Public Affairs Office. Page 30.

Telephone interview with Dennis Moresco, Midland Pacific Homes, 9-24-12

Telephone interview with Anita Robinson, Coast National Bank, 9-26-12

Table B-2. Summary of Strengths, Weaknesses, Opportunities, and Constraints in San Miguel

Underlying Condition	S W O C*	Strategic Implications
Present Economic Conditions		
Camp Roberts, directly accessible from San Miguel, is currently experiencing major reinvestment for expanded capabilities [CA National Guard]	S	This component of market demand should be incorporated into marketing materials, once the demand implications of the expansion are better understood [See Note 1] <i>Additional information may be forthcoming</i>
	S	People who have trained at Camp Roberts can be a source of new residents
Limited population size of the community, plus easy access to Paso Robles, mean that sufficient population thresholds for local-serving commercial development are difficult to achieve	С	New housing should be encouraged, with expanded diversity and choice [Moresco, Salinas River Plan (also for residential notes below)]
	S	The Residential Suburban category can take advantage of natural constraints and add diversity to housing options
	С	In the Residential Single Family category, in which older, moderately priced housing tends to occur, incompatible land uses need to be phased out
	S	New retail/local service development should take into account potential from the larger trade area outside the community, plus tourists and other travelers
Some vacant land is available for new development	S	Limited assets must be nurtured through careful planning, site plan approval, etc.
	O, C	Areas with good access from The 10th Street-Highway 101 interchange should develop with attractive visitor-serving uses that do not detract from community- and visitor-serving uses in the central business district [Salinas River Plan]

Underlying Condition	S W O C*	Strategic Implications
Some historic buildings, residential and commercial, suffer from neglect, which age intensifies. Many commercial buildings are vacant, and may not be economically adaptable to new uses, even if a market could be established [Design Plan]	С	The area should be improved by using compatible architectural treatments, signing and landscaping to create a desired community theme consistent with San Miguel's historic character [Salinas River Plan]
An existing fiber optic cable parallels the railroad line in San Miguel	o	While over 90% of all citizens and businesses in SLO County have the ability to access broadband services, expansion of service (both geographically and in terms of speed) by private providers is slow, apparently based on overall feasibility, [memo from SLO County General Services]. To the extent this is true and persists, San Miguel would have to be considered a marginal area for expanded penetration, based solely on density of commercial / industrial development. See note 2.
While SLO County residents and businesses receive broadband services that are slightly better than most Americans, the nation as a whole lags other countries in the quality (speed) of service [memo from SLO County General Services]	с, о	A proactive approach to expanding/upgrading broadband service, which would likely involve a public-private partnership (see above), could send a strong message about SLO County's commitment to economic development. The extent to which this could spill over to San Miguel is questionable, other than the possibility for "trickle down" effects, if other parts of the County experience strong growth in broadband business users.
	o	Public-private partnerships can be used to expedite the spread and upgrade of broadband. Some of these efforts can be as simple as notifying broadband suppliers of plans to dig a trench for some other utility, at which point they could opt to participate in the trench, at a lower cost than a dedicated trench for their line.
Area is experiencing strong growth, in viticulture and also wine production facilities [MKF Research LLC]	S	Supports expansion of, besides high-value agriculture, both the food manufacturing industry and tourism, and the employment growth and potential facility development that goes along with such expansion



Underlying Condition	S W O C*	Strategic Implications
	S	Other opportunities with direct linkages to wine production exist in ancillary support businesses, including barrel making, vineyard and winery supply industries, bottling, warehousing and shipping support companies
	S	Wine production is a sustainable, green industry that will provide a long-term return on investment. <i>Vitis vinifera</i> (the grapes that produce fine wine) are very low water use plants that, once established, will continue (with minimum expense) to produce for a minimum of 35 years. Many remain in production for over 100 years [Pitts]
	С	Region's focus on wine makes it vulnerable to fate of a single agricultural product type, although in this case tourism is also part of the mix. Consequently, opportunities to further diversify the economy should be acted upon.
San Miguel is located in the center of the Monterey County/San Luis Obispo County viticulture region that has recently been recognized worldwide for its wine-growing achievements. Nearby Paso Robles, in particular has become a rising star in the wine world. [ref]	S	San Miguel should be able to readily capitalize on that proximity
We have the proper <i>terroir</i> (the French term used to describe the combination of soil, climate, and the other elements that define an area's geographic and agricultural components) to grow fine wine grapes capable of producing wine to rival the best wine produced anywhere in the world. Such proven locations are limited and we have one of the best [ref]	S	Other specialty crop growers and marketers typically are attracted to wine growing regions, as are the culinary arts, and eco-tourism operators
	S	Once a reputation for fine wine production is established in the wine world, it is maintained indefinitely. In addition, this is an industry that is dependent upon place – the industry and its associated jobs cannot

Underlying Condition	S W O C*	Strategic Implications
		be exported
	S	Wine-based tourism has become a huge economic driver. As an example, the Napa Valley has more visitors and generates more tourism dollars each year than Disneyland [REF]
	S	There is a strong opportunity to network with group tour businesses serving the region
Research and job training to support the growth of the wine industry are readily available via viticulture and enology programs at Cal Poly San Luis Obispo and Allan Hancock College	S	Institutions should be integral to strategic plan development, for implementation and marketing considerations
There are still a small number of wine producers in San Miguel	w	Additional growth is needed to maintain and grow market share
	С	There is a large time lag from commitment to planting to initial return on investment (while most wineries buy fruit or juice from outside source to establish market share while their vineyards are being established, a new vineyard can take three to seven years to begin to cash flow). It is expensive to establish a new vineyard (typically on the order of \$25,000 to \$35,000 per acre, not including land costs), and interest could wane if production development is slowed [Pitts]
Traditional sources of capital have been slow to respond to the needs of an expanding wine industry thus far [ref]	С	Venture capital and other non-traditional forms of project financing will likely be needed to maximize opportunities
There is an established base of tourism attractions and activity in the community and surrounding region (approx. 30-mile radius), including the Mission and many other historic buildings and historic character, agro-tourism (wineries), coastal attractions including San Simeon, recreational facilities, and the "destination" communities of	S	Mutual leveraging of existing attractions and new wineries

Underlying Condition	S W O C*	Strategic Implications
Paso Robles and San Luis Obispo, Morro Bay, and others		
San Miguel lacks sufficient hospitality businesses to capitalize on all categories of travelers, which should include a growing cohort of tourists	w	Strong marketing support that properly positions San Miguel within the larger region will be needed for hospitality development to reach its full potential
General Strengths/Weaknesses		
Walkable community, e.g. Mission to downtown [Design Plan]	S, C	Walkable portion of community needs shade, other amenities to enhance visitor appeal and resident functionality [Design Plan]
Access to a high volume of travelers of all types	S	
San Miguel is a gateway community to the County and the recreational resources of Nacimiento and San Antonio Lakes [Salinas River Plan]	S	Helps support visitor-serving development, augmenting the attraction of Mission San Miguel. [Salinas River Plan]
Assets of SLO County that are shared by and particularly relevant to San Miguel are the following: Recreational opportunities; Quality of life; Tourism potential; Image as retirement community Small livable communities [Economic Element]	S	Shared marketing and overall identification of San Miguel with the County
Previous and ongoing planning and other studies provide some guidance for upgrading infrastructure and making other improvements in the community	S	Allows development to begin sooner
San Luis Obispo County is designated a nonattainment area for the state, for ozone and PM10 [Salinas River Plan]	w	A factor in targeting specific prospects

^{*}Strength, Weakness, Opportunity, or Constraint, as designated by S, W, etc.

Table Notes:

- 1. An inquiry to the California National Guard regarding additional information about expansion at Camp Roberts received no response.
- 2. There are "public use" fiber optic lines that serve government offices throughout much of the County. Private carriers, including Digital West, Charter, Time Warner, AT&T, and Verizon, serve businesses and homeowners. These lines can connect to a trans-Pacific cable that has multiple landing sites in the County [memo from SLO County General Services].



San Miguel Community Plan – Economic Strategy

C. Case Study Community Selection

C.1. Case Study Communities Starting List

From County documents:

- Cal Poly reviewed [selected] communities of: Jamestown, Holtville, San Juan Bautista, Guadalupe, Willows, Dos Palos, Live Oak, and Ferndale.
- Community ideas from other prior efforts [selected]: Biggs, Blue Lake, Colfax, Dorris, Ferndale, Isleton, Loyalton, Maricopa, Montague, Portola, Sutter Creek, Williams, and Westmorland.
- Other ideas (from M. Wulkan): Geyserville

C.2. Case Study Communities Screening

Initial case study communities screening: California case study communities mentioned in previous studies were initially screened for those with strongly positive rates of growth in sales tax collections, then ranked (approximately) by rates of growth in sales taxes (from tax collections reported to California State Controller). This process yielded the following *preliminary* list, in roughly highest to lowest rates of growth¹ in sales tax collections:

Maricopa

Westmorland

Guadalupe

San Juan Bautista

Lovalton

Holtville

Live Oak

Portola

Williams

Montague

Willows

¹ For two time periods, FY 93-94 to 01-02, and FY 01-02 to 07-08. Generally, selected communities were those that had positive growth in both time periods, but some with high growth in either period and minimal negative growth in the other period were also included.



These communities are shown on the following maps. Figure C-2 shows locations with figures for 2010 median household income, Figure C-3 identifies nearest larger cities for the case-study communities. Economic/demographic variables of interest in this analysis, for San Miguel and the recommended final set of case study communities (highlighted cells near top of table), are shown on Table C-1.

Specific to the wine industry, a "district level" case study, of an historic downtown within a larger community, is discussed at the end of Chapter F.



Oregon Idaho \$31,688 Willows Utah Williams (Nevada 43,185 an Bautista California Legend an Miguel **Case Study Cities** 2010 Population 769 - 1,154 542,978 rizoma 1,155 - 1,862 1,863 - 2,336 2,337 - 7,080 7,081 - 8,932 **Nearest Largest Cities** Westmorland National Highway Network Holtville Type 36,202 Interstate **US Highway** CASE STUDY CITIES - MEDIAN HOUSEHOLD INCOME (2010) File Location: TNDG/San Miguel/GIS 75 Miles Source: TNDG Inc., US Census, Bing Maps PROJECT: SAN MIGUEL

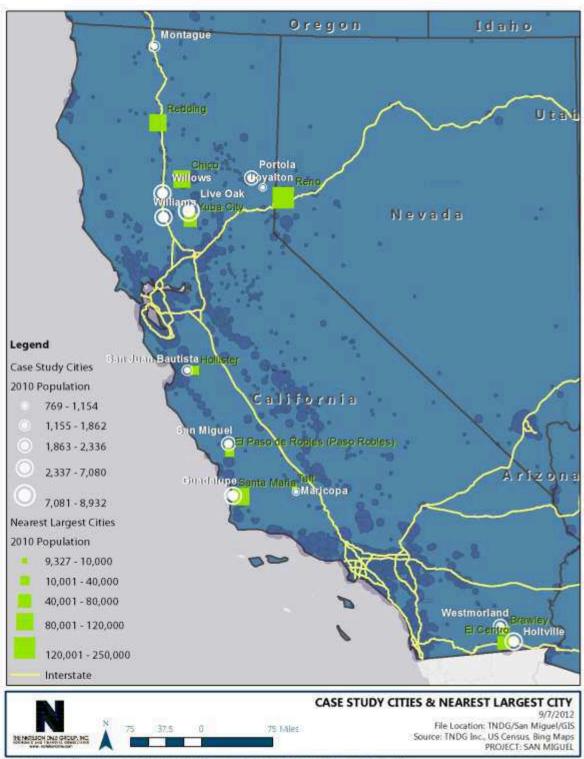
Figure C-2. Preliminary Set of Case Study Communities: Median household income





Figure C-3. Preliminary Set of Case Study Communities:

Nearest larger city



Note: The shaded portions on the map represent the population distribution in 2000 by Census Designated Place.



Table C-1. Comparison of Socioeconomic Data for Preliminary Set of Case Study Communities

	California	San Miguel CDP	Guad- alupe city	Holtville city	Loyal- ton city	Mari- copa city	Montague city	Portola city	San Juan Bautista	Westmor- land city	Williams city	Willow s city	Live Oak city
Recommended case study cities													
Employment Status													
% in labor force	64.7%	72.3%	69.6%	58.5%	62.5%	48.4%	62.3%	57.0%	72.3%	52.2%	69.7%	61.2%	54.8%
% Unemployed	5.8%	10.0%	4.7%	8.8%	4.2%	10.5%	12.3%	10.0%	6.8%	9.3%	11.1%	4.6%	5.9%
Class of Worker													
Civilian employed population 16 years +	16,632,466	1,116	3,149	2,246	406	318	515	1,093	726	548	1,966	2,780	2926
Private wage and salary workers	12,729,790	910	2,755	1,515	280	232	357	792	562	417	1,607	1,791	1978
Government workers	2,425,341	120	260	471	113	70	116	155	98	113	196	633	556
% government workers	14.6%	10.8%	8.3%	21.0%	27.8%	22.0%	22.5%	14.2%	13.5%	20.6%	10.0%	22.8%	19.0%
Self-employed in own not incorporated business workers	1,444,135	86	134	260	13	16	42	146	66	18	163	356	298
% self-employed	8.7%	7.7%	4.3%	11.6%	3.2%	5.0%	8.2%	13.4%	9.1%	3.3%	8.3%	12.8%	10.2%
Commuting (1)													
Mean travel time to work (minutes)	26.9	17.5	21.7	22.7	29.4	34.8	17.3	29.9	24.3	21.4	22.4	18.2	35.0
Employment by Industry													
Civilian employed population 16 years +	16,632,466	1,116	3,149	2,246	406	318	515	1,093	726	548	1,966	2,780	2,926
Agriculture, forestry, mining, etc.	2.1%	6.27%	31.18%	16.79%	0.00%	24.53%	6.80%	5.40%	4.55%	19.16%	27.87%	13.71%	17.16%

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	California	San Miguel CDP	Guad- alupe city	Holtville city	Loyal- ton city	Mari- copa city	Montague city	Portola city	San Juan Bautista	Westmor- land city	Williams city	Willow s city	Live Oak city
Construction	7.0%	18.10%	6.45%	2.05%	16.75%	11.95%	7.77%	23.51%	4.96%	3.10%	3.46%	3.31%	6.08%
Manufacturing	10.3%	12.81%	8.86%	3.21%	8.62%	2.83%	9.71%	3.20%	7.85%	5.11%	9.41%	9.17%	8.44%
Wholesale trade	3.4%	0.00%	6.70%	4.81%	4.43%	5.03%	0.58%	0.64%	1.93%	5.11%	3.00%	2.19%	2.84%
Retail trade	11.0%	13.71%	6.00%	17.14%	6.40%	7.23%	11.46%	5.76%	13.50%	6.75%	10.43%	10.79%	12.20%
Transportation and warehousing, and utilities	4.7%	4.75%	2.70%	10.11%	3.20%	5.66%	1.75%	7.14%	1.79%	6.75%	7.63%	5.61%	4.20%
Information	3.0%	0.45%	0.98%	0.00%	0.00%	0.00%	1.94%	2.56%	0.00%	2.01%	0.00%	1.62%	0.00%
Finance and insurance, and real estate and rental and leasing	7.0%	0.99%	4.26%	2.72%	3.69%	0.94%	3.11%	6.50%	7.58%	2.01%	3.71%	6.37%	6.49%
Professional, scientific, and management, and administrative etc.	12.2%	10.57%	6.70%	5.03%	9.85%	9.43%	7.96%	9.24%	15.84%	4.74%	4.93%	5.50%	5.23%
Educational services, and health care and social assistance	20.1%	6.27%	11.94%	26.36%	25.37%	19.81%	24.08%	14.09%	23.69%	24.45%	12.26%	17.37%	20.71%
Arts, entertainment, and recreation, and accommodation and food svcs.	9.2%	10.48%	8.38%	4.67%	5.42%	4.09%	9.90%	17.84%	9.23%	9.49%	11.60%	12.81%	3.62%
Other services, except public admin.	5.2%	14.16%	3.84%	3.12%	6.65%	2.83%	7.57%	3.11%	6.75%	6.39%	3.76%	2.66%	9.98%
Public administration	4.6%	1.43%	2.00%	4.01%	9.61%	5.66%	7.38%	1.01%	2.34%	4.93%	1.93%	8.88%	3.04%
Income and Benefits (in 2010 infla	Income and Benefits (in 2010 inflation-adjusted dollars)												
Median Household Income	\$60,883	\$42,176	\$42,978	\$36,202	\$49,340	\$39,464	\$31,688	\$35,339	\$53,077	\$28,571	\$43,185	\$42,787	\$42,069
With Social Security (households)	2,976,629	69	602	563	110	151	149	312	158	228	301	860	813

	California	San Miguel CDP	Guad- alupe city	Holtville city	Loyal- ton city	Mari- copa city	Montague city	Portola city	San Juan Bautista	Westmor- land city	Williams city	Willow s city	Live Oak city
% with Social Security	24.0%	9.0%	31.9%	31.3%	33.5%	39.4%	26.8%	24.4%	28.8%	37.9%	24.8%	35.2%	33.4%
Percentage of Families and People	e Whose Incom	ne in the Pas	t 12 Month	ıs is Below t	he Poverty	Level							
% of all families	10.2%	25.0%	13.9%	21.9%	8.2%	20.3%	15.2%	3.9%	10.3%	20.6%	12.8%	21.3%	22.8%
Sales & Use Tax Revenues													
						192.42							
% change 1993-94 to 2001-02	57.35%		59.65%	-25.25%	57.15%	%	46.15%	43.27%	-15.79%	59.88%	27.99%	44.66%	41.28%
% change from 2001-02 to 2007-08	-0.59%		31.05%	109.59%	1.38%	21.52%	-2.12%	3.88%	250.33%	130.84%	19.38%	-4.80%	4.14%

(1) For workers 16 years and over

Source: U.S. Census Bureau, 2006-2010 American Community Survey

Communities not recommended for further Case Study investigation are listed below, along with a summary of reasons for recommending their exclusion.

Community	Summary of recommendation for exclusion
Holtville	Unique location, close to Mexican border, could explain growth in sales, other conditions. High poverty
Maricopa	Strong agriculture focus of residents, high unemployment and poverty, very high retiree contingent
Montague	Somewhat isolated community, high unemployment, limited opportunities associated with neighboring cities
Westmorland	Strong agriculture focus of residents, high unemployment and poverty, very high retiree contingent
Williams	Somewhat isolated with respect to neighboring larger cities, heavy agricultural component
Willows	Somewhat isolated with respect to neighboring larger cities, very high retirement contingent, high poverty

San Miguel Community Plan – Economic Strategy

D. Case Study Community Findings

Table D-1 (below) provides an overview of city "success factors" – characteristics identified through a review of available resources. The table identifies attributes that are possible success factors and attributes that could be potential detriments to success, from an economic development standpoint. The table also facilitates a comparison of "numerically based" similarities and differences between San Miguel and the other communities.



Table D-1. Success Factors and Barriers to Success for Select Case Study Cities

an Miguel, CA	Guadalupe, CA	Live Oak, CA	Loyalton, CA	Portola, CA	San Juan
					Bautista, CA
		х		х	
	х	Х	Х	х	х
Х					
			Х		Х
				х	
Hwy 101	Hwy 1	Hwy 1			Hwy 101
Х	х	Х			Х
Х	х	Х			
aso Robles	Santa Maria	Yuba City/ Marysville/ Chico	Reno	Reno	Monterey/ Santa Cruz
Х	Х		Х	х	Х
Х	х				Х
Х		Х			
				х	
		Х		х	
			х	х	
			Х	х	
	X X aso Robles X	Hwy 101 Hwy 1 X X X X Santa Maria X X X	X X X X X X X X X X X X X X X X X X X	X X X X X X X X X X X X X X X X X X X	X

	San Miguel, CA	Guadalupe, CA	Live Oak, CA	Loyalton, CA	Portola, CA	San Juan Bautista, CA
					No natural	
Lack of key infrastructure				No natural gas	gas	
General Locational/Economic Attributes						
Reliance on industries with trends of contraction					Forestry	
					Snow, colder	
Climate					weather	
Historical Features						
Underutilization of historical features	X					

⁽¹⁾ Relative among case study cities

Indicators of strategic issues and approaches undertaken by or applicable to the case study communities were also reviewed, based on materials that could be identified at the local, County, or multicounty region. These source materials are shown in the table below, and the sources are primarily the basis for the material in Table D-2.

Table D-2. Source Material, and Geographic Reach, for the Summary of Issues and Strategic Approaches

Community	Documents and Notes
Guadalupe	Recommendations for Economic Development in Guadalupe, CA. A Professional Project presented to the faculty of California Polytechnic State University, San Luis Obispo. In Partial Fulfillment of the requirements for the Degree of Master of City and Regional Planning in the College of Architecture, by Larissa Requa Heeren. June 2011. Economic development in Guadalupe could also be influenced by strategies proposed by the Economic Alliance of Northern Santa Barbara County (EconNSBC), a grassroots organization seeking generally to make Northern Santa Barbara County (specifically excluding the City of Santa Barbara) a more business-friendly environment and take a more proactive role in promotion of economic activity. Target industries range from Wine and Tourism to high-tech sectors.
Live Oak	North Central Counties Economic Trends & Workforce Opportunities. Craft Consulting Group in association with Jim Cassio. November 2010. The North Central Counties Consortium (NCCC) combines an independent Governing Board and a Workforce Investment Board, to focus on high quality workforce development services in the Counties of Colusa, Glenn, Sutter (Live Oak) and Yuba.
Loyalton	The Sierra Economic Development Corporation (SEDCorp), <i>Draft Comprehensive Economic Development Strategy, for 2013-2017</i> . (SEDCorp listed as author.) SEDCorp represents, besides Sierra County, El Dorado, Placer, and Nevada Counties, and some of the cities in those counties.
Portola	Plumas County ED organization disbanded; reports are still available online, including: Plumas County Economic Development Strategy 2002-2003. Approved by Plumas County Board of Supervisors 10/22/02. (No author identified.)
San Juan Bautista	Historic San Juan Bautista Plan. Prepared for City of San Juan Bautista. RBF Consulting / Urban Design Studio and Tom Hudson Company. Adopted February 2002.

Table D-3. Summary of Key Issues, Strategic Approaches (from ED reports), for Case Study Communities, Major similarities and differences compared to San Miguel

Case Study Community	Key Issues, Strategic Approaches (from ED reports)
Guadalupe	Obstacles to economic development commonly associated with rural contexts are present: importance of agricultural employment is declining, so seeking diversification.
	Strategies focused on retention and expansion of existing businesses and



encouragement of local entrepreneurism. This recognized the fact that there were limited resources for economic development program implementation and that the City was somewhat isolated from economic development resources, such as existing enterprise development programs. Also, residents have lower levels of education and lower incomes when compared to Santa Barbara County. Opportunities identified included the development of tourism, especially related to the historic buildings in downtown and promoting the nearby beach. One long-term goal was to develop a retail incubator.

Major similarities and differences compared to San Miguel: Similar setting, economic base, historical assets, reliance on government partners for economic development support. Among differences are: 1) rate of growth in area comparatively high; 2) heavier retirement population, which affects local values in addition to affecting which types of businesses favor or disfavor the community.

Live Oak

For the North Central 5-county area, identified competitive advantages include: 1) the agriculture sector as a key driver of the North Central County's economy, accounting for about 25% of the region's regional gross product and 13% of the region's total employment. Although agriculture employment declined over the past ten years, the gross value of agriculture products has increased. Opportunities within the target industry of Agriculture-Related Diversification include:

- Converting agricultural waste (from rice) into renewable fuel
- Other agriculture-related businesses include wholesale trade and transportation and warehousing.
- The hospitality and retail sectors could be grown through increased agri-tourism Manufacturing employment could be expanded by capturing more agriculture processing.

Tourism was identified as an Unmet Opportunity. Opportunities exist for agri-tourism, outdoor recreation, and cultural tourism. The NCCC region has many attributes that make it an attractive destination for Californians and others to visit and take vacations: natural beauty and small towns away from the pollution, congestion and noise of larger cities. The five NCCC counties are aware that they have these attributes, and tout them on their websites. Yuba-Sutter Counties promotes the facts that "Yuba-Sutter offers a rare mix of gold-rush era communities, historic downtown shopping opportunities, agricultural assets complementing year-round festivals and fairs, along with lakes, rivers, and mountains.

Major similarities and differences compared to San Miguel: Similarities include military connection, historic interest, amenity area and overall tourism potential, agricultural focus, and low-income component of population. Differences include higher elderly population and greater access to urban areas.

Loyalton

Strengths identified for the Sierra Economic Development Corporation (SEDCorp) region include: 1) major, high-profile natural wonders and recreational opportunities within or close to the region; 2) an above-average educated workforce; and 3) good transportation connections. Opportunities identified include: 1) additional state resources to obtain broadband services and thereby grow Internet-based businesses, and to use the Internet to "level the playing field" in rural areas for branding and



marketing of local businesses; and 2) transition of forest products into biomass and other products based on forest thinning. Threats include: 1) increasing transportation costs; 2) limited land, which is causing prices to increase and affect project viability; 3) aging (retiring) workforce, and generally declining economic conditions that also threaten economic development program funding. As with Portola, seasonal layoffs and shrinking timber harvests are ongoing problems.

Major goals for economic development include: 1) foster regional cooperation in development; 2) nurture the local business base and environment; 3) promote use of biomass; 4) encourage development of year-round tourism; and 5) see that adequate infrastructure exists to support growth and economic development options.

Major similarities and differences compared to San Miguel: Similarities include historic connection and other amenities. Differences include seasonality of employment and lifestyle, older and somewhat more affluent population base that is probably related to some extent to the area being a "residential area of choice," and less immediate access to transportation facilities and therefore to travelers and to other urban areas.

Portola

Primary issue: The weather in Plumas County can be unpredictable. Winters frequently offer significant amounts of snowfall over mountain roads. Distance and road conditions make access to work difficult. These obstacles, access and weather, along with limited public transportation create barriers to employment. As a result of the early winter and late spring weather conditions, the development of a stable year-round tourism, retail trade, business and construction industry has been limited.

Economic conditions that affect Plumas County include the historical dependence on the annual timber harvest and its relationship to employment opportunities, and the current diminishment of available timber brought about by an increase conflicts over land and resource use. Another aspect of the seasons is that Plumas County labor force and unemployment rates are extremely seasonal, through the cumulative effect of continued reduction in the timber harvest and the seasonal aspects of recreational employment. This also creates a challenge for economic development entities to continue efforts to diversify the economy.

When comparing employment by industry in Plumas County to the State, the greatest differences appear in the government and service industries, with government due primarily to the high number of Forest Service personnel located in the County. Gaps in services could be a focus area for business attraction/creation in the local area especially in the health and related services and retail services that will be required of the aging population.

Although the County cites "access to Reno" as one of its strengths, "distance from major markets" is listed as a weakness. Lack of good land for industrial and commercial development, and lack of significant incentives are two other weaknesses identified. Besides addressing existing challenges, strategies for economic development include entrepreneurial support and expansion of the tourism and natural resources clusters.



Major similarities and differences compared to San Miguel: Similarities include historic connection and other tourist attractions as well as general amenity area, there is a need for infrastructure to support new development, and the community is to some extent a bedroom community for Reno. Differences include seasonality of employment and lifestyle, an older population, historic reliance on forestry and need for transitioning forest use/products to other purposes, and different relationship to larger urban areas – Reno is a larger neighboring city but further away, compared to San Miguel.

San Juan Bautista

Identified assets include: 1) the Historic Downtown area, a substantial tourism draw just because of its character; 2) Rural Setting, although regional development pressure, especially for housing to support the demands of Silicon Valley, is poised to change this character. The town's lack of control over this asset is a major liability; 3) San Juan Bautista Historic Park; and 4) Community Spirit. Citizens are involved and speak out to protect their values. However, this spirit sometimes makes it difficult to undertake even basic and needed improvements.

Identified liabilities include: 1) Cost of Living, especially housing costs; 2) Partnerships among governmental entities with a stake in the community. Although these partners are also major assets, this strength can be a liability when the "entities are not working together consciously and strategically." The partnership affects key economic vitality factors such as:

- Management of The Plaza
- Provision of centralized parking and other public facilities
- Preservation of historic properties
- Promotion and management of Downtown events
- Planning and Permit Processes. The planning and permit process for construction, whether for rehabilitation, restoration, renovation or new, is (or is perceived to be) awkward. Since the local economy is weak and getting weaker, some change is required to help ensure economic and social stability.

Major similarities and differences compared to San Miguel: Similarities include historic character and attractions, potential to be bedroom community (although to a larger urban area), and reliance on government partners to nurture community and its assets – in ways that can generate controversy. Differences include the fact that San Juan Bautista is subject to greater development pressure from a larger surrounding urban area, although the community is similar in that any kind of growth pressure can also threaten existing assets. Other differences include a larger population of elderly, and a larger existing business base.

Based on initial selection criteria for the case study communities, they had achieved some level of success by virtue of increasing sales tax receipts. In general, however, when reviewing the challenges identified in general planning and strategic planning documents, issues are not dissimilar to those in San Miguel. That is, most communities have tourism potential, some with agro-tourism potential, they are



attempting to maximize, and larger communities within their commute shed. They typically have infrastructure development needs, and many have the benefit of major road access.

One major difference is that all of the case study communities have a significantly higher proportion of elderly residents than San Miguel, and most have a higher proportion than the state. The extent to which that fact makes a positive contribution to the local economy is not readily apparent; although it is important to recognize that retirees tend to be a form of "export industry" in that whatever (non-local) government transfer payments they receive bring outside dollars into an area. Both Guadalupe and Loyalton have strategies supporting local entrepreneurship. This type of program, or even attitude, can spur residents to job-creating actions. San Juan Bautista is probably the most "unfair" comparison community, in that its surrounding urban area is much larger and readily accessible than San Miguel's. However, its experiences in managing historic assets are particularly instructive. The community must deal with both internal and external disputes about how the Mission site should be cared for and relate to the community and region.



San Miguel Community Plan – Economic Strategy

E. Market Analysis

E.1. Local Retail Demand

This section evaluates the future potential demand for retail facilities in the Study Area. The primary focus of this analysis is the residential population located within the defined the Study Area. The analysis examines current and future retail demand for a 23-year period from 2012 to 2035. Specific retail opportunities will be discussed in a later section of this report.

E.1.1. The Study Area

Population and Income Levels

Demand for retail goods and services that are generated by residents of each market area is a function of four variables: existing and projected population, income levels, and the portion of income allocated toward retail expenditures. Table E-1 provides the values for these variables for years 2012 to 2035. The population figures for the Study Area were based on existing figures and projections for the Study Area, which includes portions of San Luis Obispo and Monterey counties, as provided by ESRI, San Luis Obispo County and Association of Monterey Bay Area Governments. The population figures were then converted to households using a factor of 3.0 persons per household.

The households within the Study Area are projected to increase by 1,031 between 2012 and 2035. Median household income levels, for this portion of the analysis, remain static. Based on the household and income data, the potential retail sales within the Study Area are expected to increase from \$38.2 million in 2012 to \$65.9 million in 2035, a 72% increase.

Retail Sales Demand

As previously stated, population and income characteristics are the primary determinants of the potential dollars available for purchases of goods and services in a market area. And depending on the relative affluence of the community, the actual proportion of the income allocable for retail goods typically falls between 30 and 35 percent (Table E-2). For this analysis, a factor of 40 percent is applied to total household income for the Study Area. Table E-1 provides estimated total income and potential retail expenditures for market area residents between 2012 and 2035.



Market Analysis

Table E-1. Population, Income and Retail Sales Projections (2012-2035)

	Year								
Category	2012	2015 (projected)	2020 (projected)	2025 (projected)	2030 (projected)	2035 (projected)			
Households	1,424	1,509	1,697	1,917	2,169	2,455			
Median Household Income	\$67,094	\$67,094	\$67,094	\$67,094	\$67,094	\$67,094			
Total Income	\$95,539,272	\$101,213,538	\$113,832,182	\$128,621,478	\$145,509,296	\$164,733,444			
Potential retail sales (1)	\$38,215,709	\$40,485,415	\$45,532,873	\$51,448,591	\$58,203,718	\$65,893,378			

(1) Calculated as 40% of total income

Source: TNDG, San Luis Obispo County, Association of Monterey Bay Area Governments (AMBAG), ESRI

Distribution of Residential Retail Expenditures

Projected retail demand for project residents is disaggregated into various retail categories based upon historic retail expenditure patterns observed in San Luis Obispo County. The basic distribution of retail sales by retail category is as follows:

Table E-2. Distribution of Sales by Retail Category

Retail Category	%Distribution
Shopper Goods:	
Apparel	7.1%
General Merchandise	12.1%
Home Furnishings	2.3%
Specialty	13.8%
Subtotal	35.28%
Convenience Goods:	
Food	
(Supermarkets/Liquor)	20.8%
Eating and Drinking	13.4%
Subtotal	34.15%
Heavy Commercial Goods:	
Building/ Hardware/ Farm	6.4%
Auto Dealers and Parts	12.3%
Service Stations	11.8%
Subtotal	30.58%
Total	100.00%
Source: TNDG	

Source: TNDG

Capture Rate Analysis

Generally, this type of analysis would treat the area as a "closed system"; in other words, it would assume that given an adequate supply of retail stores, San Miguel residents will make 100% of their retail purchases somewhere in San Miguel. However, in this case, the capture rates have been adjusted downward to take into account that San Miguel has very limited base of retail development; therefore, it is assumed that the area will always experience a significant level of retail "leakage" of shopper goods to communities with a larger array of retail facilities (e.g., the City of Paso Robles). Based on an analysis of a proprietary database of shopping centers in a major metropolitan area, TNDG has determined that approximately 50% of retail space is in community and regional centers (defined here as centers with 125,000 square feet or more of gross leasable area) while the remaining 50% of the space is in neighborhood centers and smaller strip retail centers. Based on these data, we can assume that San Miguel, in the absence of such a community- or regional-scale center, could realistically be expected to "capture" up to 50% of resident retail demand in most categories. As shown on Table E-3, on the following page, capture rates are projected to reach this 50% threshold in 2015, assuming additional retail space is developed by that year. (A related assumption in this case is that additional housing will



also have been developed in the community by 2015, which, irrespective of the official growth projections, would increase the local market demand for goods and services.)

Table E-3. Capture Rates by Retail Category

- Batail Catagomi		2015		2025		2025
Retail Category	2012	2015	2020	2025	2030	2035
Shopper Goods:						
Apparel	25%	50%	50%	50%	50%	50%
General Merchandise	25%	50%	50%	50%	50%	50%
Furniture/Appliances	25%	50%	50%	50%	50%	50%
Specialty	25%	50%	50%	50%	50%	50%
Convenience Goods:						
Food						
(Supermarkets/Liquor)	25%	50%	50%	50%	50%	50%
Eating and Drinking	25%	50%	50%	50%	50%	50%
Heavy Commercial						
Goods:						
Building/ Hardware/ Farm	25%	50%	50%	50%	50%	50%
Auto Dealers and Parts	0%	0%	0%	0%	0%	0%
Service Stations	25%	50%	50%	50%	50%	50%
	C.	urco. TND	2			

Source: TNDG

Potential Capture of Resident Demand

Based on the capture rates shown above, the potential capture of retail sales demand of the total market area is projected in Table E-4. The projections show that retail sales figures will increase from \$3.7 million in 2015 to just over \$6.0 million by 2035.

Table E-4. Total Potential Capture of Retail Sales for Study Area in Thousands of 2011 Dollars

Retail Category	2012	2015	2020	2025	2030	2035
Shopper Goods:						
Apparel	\$678,863	\$1,438,364	\$1,617,689	\$1,827,863	\$2,067,858	\$2,341,056
General Merchandise	\$1,153,299	\$2,443,592	\$2,748,243	\$3,105,300	\$3,513,022	\$3,977,149
Furniture/Appliances	\$217,669	\$461,195	\$518,693	\$586,083	\$663,035	\$750,632
Specialty	\$1,320,527	\$2,797,911	\$3,146,736	\$3,555,566	\$4,022,407	\$4,553,832
Subtotal	\$3,370,358	\$7,141,061	\$8,031,362	\$9,074,812	\$10,266,322	\$11,622,670
Convenience Goods:						
Food (Supermarkets/Liquor)	\$1,985,641	\$4,207,144	\$4,731,664	\$5,346,411	\$6,048,387	\$6,847,477
Eating and Drinking	\$1,276,752	\$2,705,162	\$3,042,424	\$3,437,701	\$3,889,067	\$4,402,876
Subtotal	\$3,262,393	\$6,912,306	\$7,774,088	\$8,784,112	\$9,937,454	\$11,250,353
Heavy Commercial Goods:						
Building/ Hardware/ Farm	\$616,209	\$1,305,614	\$1,468,390	\$1,659,166	\$1,877,012	\$2,124,996
Auto Dealers and Parts	\$0	\$0	\$0	\$0	\$0	\$0
Service Stations	\$1,125,980	\$2,385,708	\$2,683,143	\$3,031,742	\$3,429,806	\$3,882,939
Subtotal	\$1,742,189	\$3,691,323	\$4,151,533	\$4,690,908	\$5,306,817	\$6,007,934
Total	\$8,374,941	\$17,744,690	\$19,956,982	\$22,549,832	\$25,510,592	\$28,880,957

Source: TNDG

Retail Sales Demand Adjusted to Account for Visitor/Business/Institutional Spending

The next step in the retail sales analysis takes into account spending from visitors, businesses and institutions. Based on the potential capture rates shown above, Table E-5 projects the potential market area demand in San Miguel for each retail category. Except for the Building/Hardware and Auto Dealers retail categories, the market area demand figures have been increased by a factor of 15% in order to account for visitor/tourist spending. Combined, San Miguel's proximity to the US-101 freeway and the potential tourist draw of the Mission San Miguel Arcángel make the community well-positioned to attract highway traveler/visitor spending.

Table E-5. Retail Sales Adjustment Factors for Visitor, Business and Institutional Spending by Retail Category

Retail Category	Adjustment Factor
Shopper Goods:	
Apparel	1.15
General Merchandise	1.15
Furniture/Appliances	1.15
Specialty	1.15
Convenience Goods:	
Food (Supermarkets/Liquor)	1.15
Eating and Drinking	1.15
Heavy Commercial Goods:	
Building/ Hardware/ Farm	1.00
Auto Dealers and Parts	1.00
Service Stations	1.15

Source: TNDG

Based on the adjustment factors presented in Table E-5 (above), Table E-6 shows the combined retail sales for residents, visitors, businesses and institutions. According to the adjusted figures to account for additional retail revenues, total potential retail sales are projected to increase from \$20.2 million in 2015 to \$32.9 million by 2035.



Table E-6. T	otal Potential	Retail Sales (F	Residential +	Visitor/Busines	s/Institutional)	
Retail Category	2012	2015	2020	2025	2030	2035
Shopper Goods:						
Apparel	\$780,692	\$1,654,118	\$1,860,343	\$2,102,042	\$2,378,037	\$2,692,215
General Merchandise	\$1,326,294	\$2,810,131	\$3,160,480	\$3,571,095	\$4,039,975	\$4,573,721
Furniture/Appliances	\$250,320	\$530,374	\$596,497	\$673,995	\$762,490	\$863,227
Specialty	\$1,518,606	\$3,217,597	\$3,618,746	\$4,088,901	\$4,625,768	\$5,236,907
Subtotal	\$3,875,912	\$8,212,220	\$9,236,066	\$10,436,033	\$11,806,270	\$13,366,070
Convenience Goods:						
Food						
(Supermarkets/Liquor)	\$2,283,487	\$4,838,216	\$5,441,413	\$6,148,372	\$6,955,645	\$7,874,599
Eating and Drinking	\$1,468,265	\$3,110,936	\$3,498,787	\$3,953,357	\$4,472,427	\$5,063,307
Subtotal	\$3,751,752	\$7,949,152	\$8,940,201	\$10,101,729	\$11,428,072	\$12,937,906
Heavy Commercial						
Goods:						
Building/ Hardware/ Farm	\$616,209	\$1,305,614	\$1,468,390	\$1,659,166	\$1,877,012	\$2,124,996
Auto Dealers and Parts	\$0	\$0	\$0	\$0	\$0	\$0
Service Stations	\$1,294,877	\$2,743,565	\$3,085,614	\$3,486,503	\$3,944,276	\$4,465,380
Subtotal	\$1,911,086	\$4,049,179	\$4,554,004	\$5,145,669	\$5,821,288	\$6,590,375
Total	\$9,538,750	\$20,210,551	\$22,730,271	\$25,683,431	\$29,055,630	\$32,894,352
		Sour	ce: TNDG			

E.2. Supportable Square Feet of Retail Development

The final step in the retail demand analysis is to translate the dollar volumes of projected retail demand into supportable square footages of retail space.

E.2.1. Sales per Square Foot Standards

Projected sales volume requirements per square foot of retail space by retail category are derived from typical sales standards from the Urban Land Institute's <u>Dollars & Cents</u> Publication and from typical sales per square foot data from representative stores in each retail category. These standards are as follows:

Table E-7. Sales per Square Foot Standards

Retail Category	Sales/Square Feet
Shopper Goods:	
Apparel	\$250
General Merchandise	\$300
Furniture/Appliances	\$250
Specialty/Other	\$250
Food	\$400
Eating/Drinking	\$250
Building/Hardware/Garden	\$250

Source: TNDG, ULI

E.2.2. Supportable Retail Space

The above standards are applied to total demand for retail sales in each retail category in order to convert sales figures to total supportable square feet of retail space. Table E-8 provides estimates of total supportable retail space expressed in square feet over the 23-year study period.

The supportable square footages for retail stores have been increased by 20 percent to account for personal and business services space appropriate for shopping center settings.² The projections are also translated from net occupied space to gross demand for new retail buildings, based on an assumed vacancy factor of 5%. This reflects a typical stabilized vacancy rate in a "healthy" retail market.

² This factor is based on data from the ULI's *Dollar & Cents of Shopping Centers: 2006* publication and a review of a proprietary database of shopping center information in a major metropolitan area. Depending on the shopping center format, the percent of total services space usually ranges from 5% to 30%. For neighborhood shopping facilities, services space typically accounts for 20 to 25% of total shopping center space.

Market Analysis

Table E-8. Potential Supportable Square Feet of Retail Development								
Retail Category	2012	2015	2020	2025	2030	2035		
Shopper Goods:								
Apparel	3,123	6,616	7,441	8,408	9,512	10,769		
General Merchandise	4,421	9,367	10,535	11,904	13,467	15,246		
Furniture/Appliances	1,001	2,121	2,386	2,696	3,050	3,453		
Specialty	6,074	12,870	14,475	16,356	18,503	20,948		
Subtotal	14,619	30,975	34,837	39,363	44,532	50,415		
Convenience Goods:								
Food								
(Supermarkets/Liquor)	5,709	12,096	13,604	15,371	17,389	19,686		
Eating and Drinking	5,873	12,444	13,995	15,813	17,890	20,253		
Subtotal	11,582	24,539	27,599	31,184	35,279	39,940		
Heavy Commercial Goods:								
Building/ Hardware/ Farm	2,465	5,222	5,874	6,637	7,508	8,500		
Auto Dealers and Parts	N/A	N/A	N/A	N/A	N/A	N/A		
Service Stations	N/A	N/A	N/A	N/A	N/A	N/A		
Subtotal	2,465	5,222	5,874	6,637	7,508	8,500		
Services Space @ 20% of Retail Allowance for standard vacancy @	5,733	12,147	13,662	15,437	17,464	19,771		
5%	1,810	3,836	4,314	4,875	5,515	6,243		
GRAND TOTAL	36,210	76,721	86,286	97,496	110,297	124,869		

Source: TNDG

E.2.3. Existing Retail Square Footage by Type

The following table (Table E-9) presents the distribution of existing retail square footage within San Miguel, as estimated based on data provided by San Miguel and TNDG. According to the data, there is just under 100,000 square feet of existing retail space (including service-related and vacant space).

Table E-9. Existing Square Feet of	Retail Development
Retail Category	2012
Shopper Goods:	
Apparel	1,350
General Merchandise	2,723
Furniture/Appliances	0
Specialty	22,650
Subtotal	26,723
Convenience Goods:	
Food	
(Supermarkets/Liquor)	1,300
Eating and Drinking	25,405
Subtotal	26,705
Heavy Commercial Goods:	
Building/ Hardware/ Farm	0
Auto Dealers and Parts	2,200
Service Stations	N/A
Subtotal	2,200
Comises Space	12.720
Services Space	13,720
Vacant	30,150
GRAND TOTAL	99,498

E.2.4. Total Supportable Square Feet of New Retail Space (from 2012 Base)

Table E-10 shows the projected supportable square feet of new retail space, accounting for the existing vacant square footage identified in Table E-9 (above). Currently (as of 2012) the Study Area could support 14,331 square feet of additional retail space over and above existing levels. By 2035, the Study Area could support over 54,000 square feet of new retail space by 2015 and an estimated 103,000 square feet. New space could be absorbed by any combination of new construction, the re-purposing of the existing vacant commercially designated space, or redevelopment/re-purposing of existing residential or other non-commercial uses.

E.2.5. Potential Development Opportunities Based on Demand





Grocery. According to the new supportable retail space figures presented in Table E-10, the data reveal that the Food retail category, which includes supermarkets and grocery stores, would support 10,800 square feet of new space. This would be the equivalent of a smaller scale grocery store or neighborhood-type market.

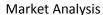
General Merchandise. By 2015 the Study Area is projected to support an additional 6,600 square feet of General Merchandise space, which could include a drug store or a similar convenience store or pharmacy use.



Table E-10. New Supportable Retail Space by Type (from 2012 Base)

Retail Category	2012	2015	2020	2025	2030	2035
Shopper Goods:						
Apparel	1,773	5,266	6,091	7,058	8,162	9,419
General Merchandise	1,698	6,644	7,812	9,181	10,744	12,523
Furniture/Appliances	1,001	2,121	2,386	2,696	3,050	3,453
Specialty	0	6,796	8,401	10,281	12,429	14,873
Subtotal	4,472	20,828	24,690	29,216	34,384	40,268
Convenience Goods: Food						
(Supermarkets/Liquor)	4,409	10,796	12,304	14,071	16,089	18,386
Eating and Drinking	0	6,571	8,122	9,940	12,017	14,380
Subtotal	4,409	17,366	20,426	24,011	28,106	32,767
Heavy Commercial Goods:						
Building/ Hardware/ Farm	2,465	5,222	5,874	6,637	7,508	8,500
Auto Dealers and Parts	N/A	N/A	N/A	N/A	N/A	N/A
Service Stations	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	2,465	5,222	5,874	6,637	7,508	8,500
Services Space @ 20% of						
Retail	2,269	8,683	10,198	11,973	14,000	16,307
Allowance for standard						
vacancy @ 5%	717	2,742	3,220	3,781	4,421	5,150
GRAND TOTAL	14,331	54,842	64,407	75,618	88,419	102,991

Source: TNDG



E.3. Local Office and Industrial Demand

This section evaluates the future potential demand for office and industrial facilities in the San Miguel Trade Area (SMTA). The primary focus of this analysis is the employment forecasts by industry within the SMTA. The analysis examines current and future retail demand for a 23-year period from 2012 to 2035.

E.4. Employment Forecasts by Industry

Industry employment data were derived from the State forecasts³ and calibrated using several metrics, which included jobs per person, anticipated growth rates and the proportional relationship between employment patterns in San Luis Obispo County, North County and the SMTA. TNDG extrapolated the industry projection data for San Luis Obispo County through 2035 and used these data as the basis for estimating the employment projections for North County and the SMTA. Employment projections for North County and the Study Area were calculated as a proportion of the County's employment, based on 2009 data provided by IMPLAN. The proportions for North County and the SMTA, with respect to San Luis Obispo County, were held constant from their 2009 levels through 2035.

Table E-11 presents the employment forecast figures for San Luis Obispo County, which as a whole are projected to increase from 107,548 in 2012 to 132,432 by 2035, a 23 percent increase. Table E-12 shows the industry forecast data for the SMTA, which was based on the County projection figures. Total nonfarm employment is projected to increase from 741 in 2012 to 911 by 2035, also a 23 percent increase.

³ Forecasts included data through 2018, as provided by the California Economic Development Department.



Market Analysis

Table E-11. Employment Forecasts by Industry Group, San Luis Obispo County 2012 Industry 2015 2020 2025 2030 2035 Natural Resources, Mining, & Construction 6,718 6,809 7,028 7,041 7,099 7,146 Manufacturing 6,452 6,647 7,053 7,263 7,527 7,789 2,753 Wholesale Trade 2,874 3,116 3,280 3,474 3,674 **Retail Trade** 14,381 14,834 15,768 16,267 16,890 17,509 **Transportation & Utilities** 4,092 4,243 4,551 4,740 4,969 5,204 Information 1,400 1,400 1,413 1,385 1,366 1,344 **Financial Activities** 4,199 4,199 4,241 4,160 4,109 4,054 **Professional& Business Services** 10,383 10,927 12,011 12,814 13,759 14,749 **Educational & Health Services** 12,161 12,766 13,972 14,842 15,868 16,937

111,032 Source: The Natelson Dale Group, Inc. (TNDG) based on estimates and forecasts prepared by California Employment Development Department (CEDD).

16,807

4,844

24,683

16,234

4,694

24,080

107,548

Leisure & Hospitality

Other Services

Government

Total

Table E-12. Employment Forecasts by Industry Group, San Miguel Trade Area

Industry	2012	2015	2020	2025	2030	2035
Natural Resources, Mining, & Construction	73	74	77	77	77	78
Manufacturing	337	348	369	380	394	407
Wholesale Trade	43	45	49	52	55	58
Retail Trade	56	58	62	64	66	69
Transportation & Utilities	8	8	9	9	10	10
Information	4	4	4	4	4	4
Financial Activities	5	5	5	5	5	5
Professional & Business Services	26	27	30	32	34	36
Educational & Health Services	84	88	96	102	110	117
Leisure & Hospitality	56	58	62	65	68	70
Other Services	13	14	15	15	16	16
Government	<u>35</u>	<u>36</u>	<u>37</u>	<u>38</u>	<u>39</u>	<u>40</u>
Total Nonfarm	741	765	815	842	876	911

Source: The Natelson Dale Group, Inc. (TNDG) based on estimates and forecasts prepared by IMPLAN and ESRI and CEDD.

17,976

5,155

<u>25,965</u>

118,249

18,662

5,324

26,510

122,288

19,497

5,534

27,240

127,332

20,338

5,743

27,945

132,432

E.5. Office and Industrial Employment by Industry

E.5.1. Distribution of Office and Industrial Employment by Industry

The next step in the analysis identifies the percentage of employment attributable to office or industrial activities (i.e. as a type of use) by industry, shown in Table E-13. The distribution percentages were derived by TNDG based on long-term studies of office and industrial demand conditions, as it relates to employment growth, across southern California.

Table E-13. Allocation of Office and Industrial Employment by Industry

	Percentage Distribution of Employees by Land Use:						
	Office	Industrial					
Industry Group	Space	Space	Other	Total			
Natural Resources & Mining	0.0%	25.0%	75.0%	100.0%			
Construction	5.0%	25.0%	70.0%	100.0%			
Manufacturing	0.0%	100.0%	0.0%	100.0%			
Wholesale Trade	5.0%	95.0%	0.0%	100.0%			
Retail Trade	0.0%	5.0%	95.0%	100.0%			
Transportation & Utilities	0.0%	50.0%	50.0%	100.0%			
Information	75.0%	25.0%	0.0%	100.0%			
Financial Activities	90.0%	0.0%	10.0%	100.0%			
Professional & Business Services	25.0%	25.0%	50.0%	100.0%			
Educational & Health Services	50.0%	0.0%	50.0%	100.0%			
Leisure & Hospitality	5.0%	0.0%	95.0%	100.0%			
Other Services	5.0%	50.0%	45.0%	100.0%			
Government	0.0%	0.0%	100.0%	100.0%			

Source: The Natelson Dale Group, Inc.

E.5.2. Projected Employment by Land Use Category

The projected office and industrial employment figures are a product of the data in Table E-12 (preceding) and Table E-13 (above), and the projections are shown below in Table E-14. The data reveal that office employment is expected to increase from 98 in 2012 to 127 by 2035, an increase of nearly 30 percent. Industrial is projected to increase from 242 in 2012 to 297 in 2035, representing a 23 percent increase. Both office and industrial employment are expected to increase at greater rate than Other employment, representing all other nonfarm industries, which is anticipated to rise from 402 in 2012 to 486 by 2035 (21%).

Table E-15 highlights the incremental change in Office, Industrial and Other employment by time interval. The largest absolute increases for each of employment categories occur between 2015 and 2020.



Table E-14. Projected Employment by Land Use Category, San Miguel Trade Area

	Employment by Year:					
Land Use Category	2012	2015	2020	2025	2030	2035
Office	98	102	110	115	121	127
Industrial	242	249	266	275	286	297
Other	<u>402</u>	<u>414</u>	<u>439</u>	<u>453</u>	<u>470</u>	<u>486</u>
Total Nonfarm Employment	741	765	815	842	876	911

Source: The Natelson Dale Group, Inc.

Table E-15. Projected Change in Office and Industrial Employment by Time Period, San Miguel Trade Area

	Change in Employment by Time Period:				
	2012-	2015-	2020-	2025-	2030-
Land Use Category	2012-	2013-	2025	2023-	2035
3 ,					
Office	4	8	5	6	6
Industrial	8	16	9	11	11
Other	<u>12</u>	<u>25</u>	<u>13</u>	<u>17</u>	<u>17</u>
Total Nonfarm Employment	24	50	27	34	34

Source: The Natelson Dale Group, Inc.

E.5.3. Projected Demand for New Office/Industrial Space

Based on the projected Office and Industrial employment figures in Table E-15 (above), the final portion of the analysis translates the employment estimates into supportable square footages for each use type. Table E-16 shows the square-feet-per-employee factors that were used in the conversion process.

Table E-16. Square Footage per Employee by Land Use Type

	Square Feet	
	per	
Use Type	Employee	
Office	225	
Industrial	500	

Source: The Natelson Dale Group, Inc.

Based on these factors, displays the estimated demand for new Office and Industrial space through 2035 is shown on Table E-17. New supportable office space is expected to increase by a total of 6,953 square feet during the projection period, representing an annual average increase of 366 square feet. The largest increase (1,872 square feet) occurs between 2015 and 2020. Demand for new industrial is projected to increase by 29,300 square feet between 2012 and 2035, resulting in an annual average





increase of 1,542 square feet. As was the case with office demand, the largest increase in new supportable industrial space (8,538) occurs between 2015 and 2020.

Table E-17. Projected Demand for New Office and Industrial Space

		Demand in Square Feet (SF)						
		2012-	2015-	2020-	2025-	2030-	Total	Average
Office Demand		2015	2020	2025	2030	2035	Total	Per Year
Demand for New Space		879	1,783	1,150	1,386	1,425	6,622	349
Construction Demand @ (1)	105%	922	1,872	1,207	1,455	1,496	6,953	366
Net Demand for New Office Space		922	1,872	1,207	1,455	1,496	6,953	366
Industrial Demand								
Demand for New Space		3,940	8,132	4,535	5,634	5,664	27,905	1,469
Construction Demand @ (1)	105%	4,137	8,538	4,761	5,916	5,948	29,300	1,542
Net Demand for New Industrial Spac	re	4,137	8,538	4,761	5,916	5,948	29,300	1,542

⁽¹⁾ Note that construction demand at 105% allows for a 95% stabilized occupancy rate.

Source: The Natelson Dale Group, Inc.

San Miguel Community Plan – Economic Strategy

F. Wine Industry Overview/Feasibility

F.1. Overview of Wine Industry Trends

Winemaker and oenophile alike agree, "Quality wines begin in the vineyard." The French call it *terroir*, the unique combination of soil, climate, and the other attributes of place that create the environment allowing *vitis vinifera*, or wine grapes, to grow well. The determination of which places truly are capable of producing fine wine is made by a reverse analysis of the results. That is, once great wine has been recognized by wine connoisseurs, then the wine press, and, hence, the wine trade, and once that wine is recognized as a consistently high quality product, then, and only then, is the area where that wine is produced recognized as possessing great *terroir*. The proof is not in soil analysis (although that may help a vintner locate a promising location); the proof is in the taste of the wine as measured by the marketplace. Consistent high quality wine attracts buyers. A sufficient number of buyers drives prices up. When prices rise and are sustained over time, the area becomes known as the source of high quality wine. There are no short cuts. That is the way wine reputation is built. Of special interest in the wine world: when that quality is maintained, the reputation can be sustained indefinitely. And, of course, it's an industry that can't be outsourced.

Of the major wine growing regions of France, Spain, Italy, Germany, all have become major tourist destinations. Wine enthusiasts like to see where their favorite wines are grown and made. As a result, Bordeaux, Burgundy, Alsace, Champagne, the Rhône, Rioja, Tuscany, the Piedmont, the Rhine, the Mosel, and the others have become tourist meccas, attracting high-value travelers every year. Over time, the wines of the Napa Valley have achieved that status. It was recently widely reported (and heavily touted by Napa) that the Napa Valley now attracts more visitors and generates more tourist dollars each year than Disneyland. And now, the wines of the Paso Robles AVA (American Viticultural Area, an area defined by the federal government as having a distinctive character) have joined that elite status. As a result, the *terroir* of Paso Robles is now recognized as being something special, indeed, and it is attracting interest from all over the world and a growing stream of visitors to the area.

Paso Robles Wine History

Wine grapes have been grown in what is now San Luis Obispo County since the Spanish arrived in 1790 and planted grapes at Mission San Miguel in 1797. Commercial production began on a small scale later in the 19th century and slowly grew throughout the 20th century after Prohibition. In the 1960s the wine industry began to take shape with Cabernet Sauvignon, Pinot Noir, and Chardonnay leading the way.



Gary Eberle planted Syrah in the area in the 1970s, commercially introducing the Rhône grape into California for the first time. In 1983 the Paso Robles AVA was established with 18 wineries. (The AVA was expanded in 1997 and 2009 and now comprises 614,000 acres. A little over 26,000 acres are currently planted.) Attention grew in the 1980s because of the quality of the fruit being produced. Major growers like J. Lohr in 1988 and the Perrin family, owners of the famous Chateau de Beaucastel in the Rhône River region in France, who purchased land in 1989 to plant the Tablas Creek Vineyard, brought further attention to the county. This led to explosive growth in the Rhône varietals, a growth that continues to this day. Fine Cabernet Sauvignon and other Bordeaux varietals continued to be produced and in 2000, the Justin Vineyards & Winery 'Isosceles,' a Bordeaux blend, was selected as one of the top 10 wines in the world by Wine Spectator, the number one consumer wine publication. In 2006, Robert Parker, the foremost wine critic in the world, stated in Business Week, that within a decade, many of the top Central Coast vineyards and wineries "will be as well known as the Napa and Sonoma Valleys." That pushed growth to a high level.

F.2. The Role of the Wine Industry within the Region

As reported in the 2007 wine industry impact study for the San Luis Obispo County Economic Vitality Corporation, in 2000 there were 35 wineries in the Paso Robles AVA and 51 in the County. By 2007, those numbers increased to 181 and 217, respectively, which is a significant level of growth by any standard. Clearly small wineries have proliferated. The economic impact had risen to \$1.785 billion annually, making wine grapes the county's number one cash crop.

The wine industry impact study also reported that 58% of the grapes grown within Paso Robles were sold outside the area, down from 85% a few years earlier This demonstrates that a growing amount of the locally produced fruit was being incorporated into Paso Robles labeled product, although still leaving substantial room for continued growth within the AVA, even if no further fruit was produced. And, in fact, the question was raised in the study as to "whether Paso Robles can stimulate sufficient growth in demand for wine with its AVA to attract sufficient new brands, as well as the growth in existing brands, to absorb a substantial share of these grapes." Presently, new planting continues at a strong pace and the continued growth demonstrates that the expansion continues and has not abated.

According to current figures, J. Lohr, the 16th largest winery in the world, has expanded its holdings to roughly 13,000 acres in the appellation (the AVA) with 2,000 currently in production. Gallo, the largest winemaker in the world, recently bought the 300,000 square foot Courtside Cellars winery in San Miguel along with 34 acres of property with the intent of producing 2 million cases of its products at the facility. Gallo owns 16,000 acres throughout California and bought 62 acres south of Paso Robles last year, adding to the 500 acres already under Gallo's ownership located east of Paso Robles. Gallo's commitment confirms a major position in the Paso Robles AVA.



Part of what makes these developments so interesting is the resiliency displayed by the wine industry and its continued growth during one of the most challenging economic times of the past century. So, as the industry continues to move forward and plays an important role in the regional economy, it is important to evaluate where to go from here and identify methods to capitalize on the industry's momentum.

The momentum has continued to build over the years as the wine press continued to tout the Central Coast. Subsequent to the 2007 study, as an example, Robert Parker focused on the area in The Wine Advocate in June 2008. He said, "The Central Coast continues to be an enormous work in progress with many new vineyards as well as some emerging superstars." He added, "There is no question that some fabulous *terroirs* exist in this area from such older, more established regions as Paso Robles . . . " He singled out Paso Robles producers Linne Calodo and Tablas Creek for special mention and concluded the article by calling the area, "one of the most exciting wine regions in the United States, if not the world." In March, 2011, Wine Spectator's front cover story trumpeted, "California Rhônes Riding High: Paso Robles Sets the Pace with Big Red Blends." This kind of acclaim continues to bring new energy to the region and continually attracts new vineyard and winery operators to the Paso Robles AVA.

To better understand how all of this activity affects San Miguel, it is important to understand San Miguel's history. San Miguel's history dates back to the founding of the Mission San Miguel in 1797. The Mission remains a major attraction, bringing a steady stream of visitors. Nearby Camp Roberts became a major training facility during World War II and, as a result, San Miguel boomed. After the war and reduced levels of training at Camp Roberts, and after the highway was routed around town, economic activity in the community also waned. Agriculture became the major industry and wine grapes became the main crop.

F.3. The Role of San Miguel

San Miguel, an unincorporated community with a long history, seems poised to be the next major wine growth area in the county and in the Paso Robles appellation. Much of the earlier growth in the appellation was to the west of the highway, west of Paso Robles, where many of the early tasting rooms and visitor centers were located. Many of those wineries had accessed grapes from the east side of the highway all along, but the tourism focus to the east was slower to develop. Now, according to many of the individual growers who were interviewed, the Paso Robles Wine Alliance, and the Farm Bureau, it seems clear that the next big growth corridor is to the north and east of Paso Robles, centered around San Miguel.

F.4. San Miguel's Possible Future

Now San Miguel seems on the cusp of a new chance. As the northernmost community in San Luis Obispo County and the Paso Robles AVA, it is centrally located in the expansive Central Coast wine region that



runs from Monterey to Santa Barbara. Local wine grape growers have persevered and find their area growing in interest. Gallo has bought the huge Courtside Cellars operation on the north side of town. The local growers have created the Pleasant Valley Wine Trail to attract visitors. Approximately a quarter of the Paso Robles AVA lies in the northern part of the county surrounding San Miguel, and it is the least developed section of the AVA and, therefore, the one offering the most opportunity for growth. The nearby viticulture programs at Cal Poly San Luis Obispo, Hancock College, and Questa College are preparing a labor force and assisting in orienting new growers to the value of growing lowwater-use crops like wine grapes.

Visitors to the Mission constitute a ready-made tourism target market. To capitalize on this opportunity, San Miguel needs to provide the needed and desired goods and services. With the enormous number of wine enthusiasts that visit the area, the opportunity is magnified. The town is somewhat landlocked between the highway and the railroad tracks that run through town parallel to the highway. A new lighted sidewalk has been installed on the west side of Mission Street, the town's main thoroughfare, making it a much more attractive walkway. An area that had been owned by the railroad and therefore blocked from development on the east side of the street has recently been opened up.

The town's infrastructure, particularly the water and sewer system are in serious need of upgrade. After discussions with Frank Mecham, the County Supervisor for District One, which includes San Miguel, and Frank Salas, with the San Miguel Community Services District (which is responsible for water and sewer service to the town), it seems clear that those upgrades could be handled on a cost-effective incremental basis, making it possible to implement those improvements as developers can be found to establish new individual commercial properties along Mission Street. It will also require cooperation from the county to encourage the development of the area, something that has not always been readily available according to some of the business people in the area with whom we've spoken.

In speaking with individual winemakers, the Paso Robles Wine Alliance, the Independent Grape Growers of the Paso Robles Area, Supervisor Mecham, and the San Luis Obispo County Farm Bureau, all seemed to agree that creating a small number of wine tasting rooms in San Miguel, thus creating a cluster of activity in town, would lessen the pressure on the farm roads and other resources in the rural parts of the county to some degree and begin to create business based around a critical mass for continued development in San Miguel, attracting other businesses. As few as two or three such tasting rooms could be sufficient to change the chemistry of the entire community. This could, in other words, make San Miguel a destination, not just a stop along the road.

The San Miguel Chamber of Commerce has just obtained their charter and IRS 501(c) 6 Not For Profit Determination Letter. They are ready to go to work promoting the business community. The town has a new fire station, which has raised the confidence of the citizenry in the town's future and the county's commitment to the town. An increased law enforcement presence has also strengthened the business community's belief in the community's viability. In addition, Camp Roberts will soon be announcing a new expansion program. The Camp Commander has said that they will not be building additional on-



post housing for permanent staff and training crews, nor do they plan to build a commissary on site, thus creating additional business and development opportunities for San Miguel. The camp currently has a steady stream of National Guard trainees utilizing the facilities, ranging from a low of 300 to 500 troops per session to a high of over 5,000.

As Richard Sauret, a long-time local wine grape grower who served nine years as the President of the Independent Grape Growers of the Paso Robles Area, stated, "San Miguel is a 'sleeper' that is about to wake up." Gallo has given it an incentive to grow and the opportunities are evident.

F.5. Cottonwood, Arizona – A Case Study

Cottonwood, Arizona provides an example of a similar community that recently went through a renaissance of its own and enjoyed rapid success (the community's progress was closely observed by, and influenced by, TNDG Team member Tom Pitts). Cottonwood was founded near a military fort during frontier days and prospered for a number of years. Ultimately, the post closed, a highway by pass was constructed, and the "Old Town Cottonwood" area became blighted and nearly entirely abandoned. The wine industry began to develop in the area following a law change in Arizona in 2006, attracting new visitors and customers. The town developed a five-year economic development plan and determined to incorporate the concept of attracting the wine industry's tasting rooms to the area as an economic driver and catalyst for growth. Economic impact studies were undertaken regarding the wine industry and the wine industry's impact on tourism and utilized to encourage development in the area. Two winery tasting rooms were initially convinced to come to "Old Town." To quote James "Casey" Rooney, Cottonwood's Economic Development Director, from a recent award application filed with the Arizona Governor's Office:

"A recent local survey demonstrated that in 2007 there were approximately 80 employees in Old Town Cottonwood. In 2011 there were nearly 190 employed. The projections at the present rate of growth demonstrate there will be nearly 240 employees in Old Town by 2013. This means there will be 160 new people employed during a recessionary period when most rural areas in Arizona have been devastated by increased unemployment. For a small community, this increase in employment during depressed economic times has been remarkable.

In 2009 the economic impact in Old Town alone with an implied multiplier was equal to \$3,619,000. In 2011 it was nearly \$7,000,000. In 2013 it is expected to be around \$10,000,000. That is a significant increase in economic impact for a 3-block area in a small rural community."



On September 13, 2012, Cottonwood was awarded the 2012 Arizona Governor's Economic Development Conference Excellence Award in the category of Innovative Economic Development. It can happen that fast.

Strategic direction derived from this chapter includes the following:

- In order to effectively promote the revitalization of the Mission Street corridor, investments are required in the Town's water and sewer infrastructure. Following discussions with Town officials, these upgrades can be implemented in a cost effective incremental basis, and could encourage new development along the Corridor.
- Increased cooperation from the County, in support of development, is required and is an integral component in promoting/encouraging development within San Miguel.
- The wine industry momentum can be leveraged by creating a small number of wine tasting rooms in San Miguel, creating a cluster of activity in the Town, to attract new complementary development to the San Miguel area.
- Land use planning and zoning should recognize the implications of new wineries that could be seeking to develop in the area. If these attempt to locate around the community, the supply of appropriately designated land could decrease at a faster rate than anticipated.

G. Comprehensive Strategic Framework

G.1. Relationship to Existing Economic Development Efforts

The goals and summarized policies in the first column of Table G-1 below are taken from the current *Public Review Draft Economic Element, County of San Luis Obispo General Plan*. The second and third columns, respectively, summarize: a) San Miguel's *need* for the policy, or in other words how the policy applies to particular needs for San Miguel's development, and b) San Miguel's *potential to fulfill* the objective implied by the policy, or how assets or other conditions in San Miguel can contribute to progress and ultimate success of that policy.



Table G-1. Relationship to Economic Element Goals, Policies				
Goals Summarized Policies	San Miguel's <i>need</i> for the policy	San Miguel's potential to fulfill the objective implied by the policy		
GOAL EE 1: PROMOTE A STRONG AND VIABLE LOCAL ECONOMY				
SOCIAL NEEDS OF THE COUNTY				
Encourage sustainable, balanced economic activities that				
promote economic vitality while maintaining/enhancing the quality of life	Additional economic activity will serve as anchor for other improvements	Expanding grape, wine production		
Recognize and protect property rights	Balance new/re-development with historic considerations			
GOAL EE 2: RETAIN AND ENHANCE A DIVERSE ECONOMY				
Support viability of agriculture by allowing non-agricultural				
activities and uses in rural areas where supportive of	Can directly support wine production and			
agricultural uses and otherwise appropriate	ancillary (tourism-related) development			
Continue to develop a tourist industry that relates to the				
historical, arts and cultural, recreational, and natural attractions		Historic base, recreation areas,		
of the County.	demand	wineries		
GOAL EE 3: PROVIDE FOR STRATEGICALLY-LOCATED OPPORTUN				
Encourage development that capitalizes on existing	Redevelopment critical to preserving historic			
infrastructure and development	properties			
Work with cities/communities to coordinate/balance economic				
and housing growth	Key issue in SM			
Encourage economic development in areas with higher	laha/haysina ayt af balanaa	Limited lend area sould binder		
unemployment	Jobs/housing out of balance	Limited land area could hinder		
Public-private collaboration to expand access to high bandwidth connections to global data networks.	Part of diversification potential	Exist. fiber optic line		
connections to global data networks.	rait of diversification potential	Vacant space, if can be re-		
Encourage access to local goods and services	Part of expanding local bus. base	purposed		
Include infrastructure needs/costs in future comprehensive	Critical issue where economies of scale &	Some background analysis and		
plan updates	future growth prospects are limited	planning exist		



		San Miguel's potential to fulfill
Goals		the objective implied by the
Summarized Policies	San Miguel's <i>need</i> for the policy	policy
GOAL EE 4: PROVIDE SUPPORT FOR ECONOMIC DEVELOPMENT	IN SAN LUIS OBISPO COUNTY	
Encourage job training programs and opportunities in order to	Part of formula for improving jobs/housing	High workforce participation
supply appropriately-skilled labor	balance	rate
	County-wide planning & investment can	
Coordinate infrastructure investment through a CIP	improve local cost-effectiveness	
	Recognize desirability of diversifying housing.	Have some diversification of
	Countywide efforts needed to avoid SM	housing types, and plans to
Provide an equitable mix of housing options	becoming default low-cost housing supplier	continue
Support programs that will facilitate and monitor economic		
development progress (i.e., streamline land use procedures,	Incentives likely to be an integral component	
incentive programs, etc.)	of progress	
		Wineries tend to be compatible
Support and maintain existing energy programs	Part of diversification	with alternative energy systems

Table G-2 lists the five SLO County Clusters of Opportunity, which are the adopted target clusters for economic development in the County, accompanied by a discussion of how these targets and San Miguel could interrelate.

Table G-2. SLO County Clusters of Opportunity, and Suitability for San Miguel

SLO County Clusters of	Summary of San Miguel's Compatibility
Opportunity*	
General for all clusters	San Miguel is close enough to Paso Robles so that regional-serving businesses in these opportunity clusters (which would be most businesses) need not feel as isolated from their usual complement of support businesses, labor pool, housing choices, etc. as they would if San Miguel were more remote. However, among the clusters, the "urban support base" is, generally speaking and in order of most to least importance, integral to the functions of businesses in Health Services, Knowledge and Innovation Services, Specialized Manufacturing, and Building Design and Construction.
Building Design and Construction	These businesses will tend to cluster, physically, in the largest urban centers to which the territorial range of the bulk of their services applies. Consequently, SLO County, in general, will generally have smaller firms of this type. At the lower end of that size scale, firms could be attracted to San Miguel if the historic business district was sufficiently attractive to provide the kind of unique setting that would allow firms in this cluster to set themselves apart by identifying with the "brand" of a historic area, representing respect for the past, conservation and preservation of resources, pedestrian-oriented urban scales, and the like. Capturing such businesses could benefit the business district's image as well as viability, but will not necessarily add much to the job base of the community. It is also the case that this particular type of brand association can also potentially be realized elsewhere in SLO County.
Health Services	This cluster is well established elsewhere in the County, and tends to involve geographic clustering, especially as medical care has become more specialized, which requires more collaboration (while treatments have become more specialized, humans retain their complexity of interrelated systems). A scenario in which this type of activity takes root firmly in San Miguel seems unlikely, with the very realistic exception of specialized care facilities in which relative isolation is actually desirable: behavioral treatment centers and the like.
Knowledge and Innovation Services	Prospects for San Miguel are similar to the Building Design and Construction cluster, except that there is less reason expect "brand relationships" as a motivator for locating in San Miguel. Certain back-office functions, such as a small-scale data-processing center for example, might be viable prospects; however, such activities might come with wage levels too low to warrant their pursuit.
Specialized Manufacturing	If San Miguel could secure industrial sites with sufficient flexibility in size and infrastructure support, the community could be marketed, as part of a countywide bundle of support functions such as incentives, public-school technical and other job training, etc., for at least some of the kinds of uses envisioned in defining this cluster, such as: basic & agricultural chemical manufacturing, electrical equipment manufacturing, medical equipment & supply manufacturing, agricultural & construction machinery



SLO County Clusters of Opportunity*	Summary of San Miguel's Compatibility
	manufacturing, plastics & rubber manufacturing, motor vehicle & parts manufacturing, and metalwork manufacturing.
"Uniquely SLO County" (a combination of agriculture, wine, recreation, accommodation,	This cluster is clearly the one to which San Miguel's assets most closely align.
restaurants, and other specialty products and experiences)	San Miguel, by addressing existing infrastructure issues and improving coordination with the County with respect to promoting/encouraging development, has the potential to capitalize on the growing momentum of the wine industry. For example, by providing tasting rooms, which begin to establish San Miguel as a destination, San Miguel can foster an environment that will attract complementary new development (i.e., accommodation, restaurants, recreation, etc.)

^{*}San Luis Obispo County, Clusters of Opportunity Economic Strategy. Economic Vitality Corporation of San Luis Obispo County. Collaborative Economics, November 2010.

G.2. Land supply and demand

Along Mission Street, there are several vacant parcels designated for Commercial Retail use, and a number of parcels that could in theory convert from residential to commercial use, on the west side of the street. Some currently vacant buildings could be adapted to accommodate new commercial activity, although perhaps as much as $1/3^{rd}$ of the existing buildings in this area are deteriorated to the point of requiring substantial rehabilitation to be functional.⁴ The east side of the street is mostly vacant land, and is now more accessible with a change in ownership. Taking all these factors into consideration, there is potentially, technically, enough vacant land to accommodate 2030 projected new demand for retail/service development along Mission Street (approximately 10 acres). As a practical matter, however, if retail/service development in San Miguel is to realize its full potential, a greater flexibility in available sites – sizes, locations, access to parking, etc. – will be not only desirable but also necessary. It will also be important for supply to exceed demand by a substantial proportion (30 percent or more) to curtail speculation in a scarce commodity.

Chapter 7 of the *Draft San Miguel Community Plan Update* indicates (Figure 7-2, page 6) proposed areas of additional Commercial Services land use designation. The portion of this along Mission Street would add the type of property to the supply of commercial land that is needed. By our estimates, this is approximately 35 acres of undeveloped land, mostly on the east side of Mission). This land area is close enough to the existing downtown that it can complement downtown commercial activity. Much of the land on the west side of Mission is occupied by the winery. While this is a desirable and compatible use, another project of its size, or 2 or more smaller wineries, could easily use of the designated acreage. This is another reason to support the concept stated in Goal EE 2 (Retain and Enhance a Diverse Economy) of

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⁴ Community Planning Laboratory of the City and Regional Planning Department, California Polytechnic State University, San Luis Obispo. *San Miguel Existing Conditions and Future Prospects, A Community Study*. December 2003.

the *Public Review Draft Economic Element, County of San Luis Obispo General Plan* (also in Table G-2 above):

Support viability of agriculture by allowing non-agricultural activities and uses in rural areas where supportive of agricultural uses and otherwise appropriate.

At the same time, agricultural land is limited around San Miguel, and becomes even more scarce as one travels northward. Preservation of agriculture in this area, which probably includes its continued transition to higher-value agricultural uses, will be an ongoing challenge.

The *Plan* also states the goal of providing additional commercial land on the west side of the 101, and reserving that for regional commercial activity. A map of land use categories in the map "San Miguel Urban Reserve Line Land Use Categories" indicates land designated for Commercial Retail (approximately 19 acres by our estimates) on the west side of the 101 at the southern end of the community. The same map also shows 2-3 vacant acres of commercially designated land on the east side of the 101 near the 10th Street off-ramp, which is also suitable for regional/highway commercial. Having at least this much land available for regional/highway-serving uses is important for purposes of providing additional flexibility for such uses, while helping preserve the existing retail/service core of the community. The presence of Camp Roberts to the north of San Miguel and the Salinas River to the south makes 101-frontage land relati9vely scarce in the vicinity of San Miguel, even if access from 101 was available.

The County could also consider undertaking a special study of alternatives to expanding the supply and variety of commercial land in the commercial heart of San Miguel, in concert with other strategies intended to encourage such development, such as special incentives, programs to expand the number of housing units in the community, and the like. Such a study would include direct input from retailers and service providers, who would be pre-screened according to community preferences for types of businesses.

Projected demand for Office and Industrial space over the projection period (to 2035) is modest, approximately 7,000 and 29,000 square feet, respectively, which could be accommodated in less than 4 acres. These estimates should be considered a conservative minimum. That is, they represent a continuation of existing trends of development in San Miguel, with the community getting a very limited share of new employment growth within the region. If target industry marketing efforts are successful, these projections could increase substantially (e.g. by a factor of 3 to 5). In any case, the land on the east side of the River designated for Commercial Services in Chapter 7 (Figure 7-2) of the *Draft San Miguel Community Plan Update* could be suitable for office and industrial uses, along with currently designated industrial land along the railroad tracks (for industrial uses) and designated commercial land without frontage on Mission or the 101 (Urban Reserve Line Land Use Categories).



G.3. Summary of Topics from the SWOC Analysis not Specifically Addressed in the Strategy Framework

The subject matter derived from this list of topics has been incorporated as appropriate into the Strategy Framework, and this supplemental material below is shown for reference only.

G.3.1. Fiber Optics

- To the extent development remains constrained in the rail corridor, the less incentive there will be to operationalize the existing fiber optic cable in the same area.
- While over 90% of all citizens and businesses in SLO County have the ability to access broadband services, expansion of service (both geographically and in terms of speed) by private providers is slow, apparently based on overall feasibility, [memo from SLO County General Services]. To the extent this is true and persists, San Miguel would have to be considered a marginal area for expanded penetration, based solely on density of commercial / industrial development.
- A proactive approach to expanding/upgrading broadband service, which would likely involve a
 public-private partnership, could send a strong message about SLO County's commitment to
 economic development. The extent to which this could spill over to San Miguel is questionable,
 other than the possibility for "trickle down" effects, if other parts of the County experience strong
 growth in broadband business users.
- Public-private partnerships can be used to expedite the spread and upgrade of broadband. Some of
 these efforts can be as simple as notifying broadband suppliers of plans to dig a trench for some
 other utility, at which point they could opt to participate in the trench, at a lower cost than a
 dedicated trench for their line.

G.3.2. Viticulture

- Promoting this target cluster supports expansion of, besides high-value agriculture, both the food
 manufacturing industry and tourism, and the employment growth and potential facility
 development that goes along with such expansion.
- Other opportunities with direct linkages to wine production exist in ancillary support businesses, including barrel making, vineyard and winery supply industries, bottling, warehousing and shipping support companies
- Wine production is a sustainable, green industry that will provide a long-term return on investment. Vitis vinifera (the grapes that produce fine wine) are very low water use plants that, once established, will continue (with minimum expense) to produce for a minimum of 35 years. Many remain in production for over 100 years.
- Region's focus on wine makes it vulnerable to fate of a single agricultural product type, although in this case tourism is also part of the mix. Consequently, opportunities to further diversify the economy should be acted upon.



- Once a reputation for fine wine production is established in the wine world, it is maintained
 indefinitely. In addition, this is an industry that is dependent upon place the industry and its
 associated jobs cannot be exported.
- Wine-based tourism has become a huge economic driver elsewhere.
- Institutions with wine-related programs should be integral to strategic plan development, for implementation and marketing considerations
- Additional growth is needed in the San Miguel region to maintain and grow market share
- There is a large time lag from investment in planting to initial return on investment, so venture capital and other non-traditional forms of project financing will likely be needed to maximize opportunities

G.3.3. General Tourism Support

- Strong marketing support that properly positions San Miguel within the larger region, including the notion that the community is a "gateway" from the north, and the assets it shares with the County generally) will be needed for hospitality development to reach its full potential.
- Investment in streetscape is needed since the walkable portion of community needs shade and other amenities to enhance visitor appeal and resident functionality.

